



**Developing Agri-Inputs Market in Nigeria Project**

**Quarterly Progress Report**  
**(April-June 2004)**

Submitted by

**IFDC**

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and Agricultural Development*

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to

**United States Agency for International Development (USAID)**

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## **Acronyms and Abbreviations**

AAN	Agro Chemical Association of Nigeria
BASAIDA	Bauchi State Agri Input Dealers' Association
CPPs	Crop Protection Products
DAIMINA	Developing Agri Input Markets in Nigeria
DAP	Diammonium Phosphate
DASS	a language in Nigeria
DGIS	Directorate General for Development Cooperation
FCT	Federal Capital Territory
FEPSAN	Fertilizer Producers and Suppliers Association of Nigeria
FFD	Federal Fertilizer Department
FMARD	Federal Ministry of Agriculture and Rural Development
FSFC	Federal Superphosphate Fertilizer Company
IFDC	International Fertilizer Development Center (An International Center for Soil Fertility and Agricultural Development)
IITA	International Institute for Tropical Agriculture
IP	Implementing Partners
kg	kilogram(s)
KASAIIDA	Kano State Agri Input Dealers' Association
L	liter(s)
MIR	Marketing Inputs Regionally
MIS	Market Information System
MOP	Muriate of Potash
mt	metric ton(s)
NAMIS	Nigeria Agri Market Information Service
NCA	National Council on Agriculture
NPK	Nitrogen - Phosphate - Potash
NSPFS	National Special Program on Food Security
NSS	National Seed Service
OYSAIDA	Oyo State Agri Input Dealers' Association

PCU	Projects Coordinating Unit
PRISMS	Promoting Improved Sustainable Micro-finance Services”
SFDC	State Fadama II Development Committee
SG 2000	Sasakawa-Global 2000
SSP	Single Superphosphate
USAID	United States Agency for International Development

# **Developing Agri-Inputs Market in Nigeria Project (DAIMINA)**

**April-June 2004**

## **Introduction**

The DAIMINA project started in September 2001 with the goal of developing input markets in Nigeria. This document discusses the activities undertaken during the quarter to accomplish the objectives. More specifically, the four primary areas of activity were policy analysis and dialogue, private sector development, strengthening market information systems, and new initiatives. Additional information concerning general activities, collaboration with related agencies and projects, and future activities is also included.

Overall, excellent progress was achieved in the implementation of the planned activities this quarter. New activities such as the implementation of the voucher scheme, use of high analysis fertilizers, promotion of rice production, and Business Development meetings were introduced this quarter. The newly initiated Business Development meetings enhanced business transactions among input supply companies and trained agricultural dealers. Participation in the Rice Alliance was excellent and the fertilizer voucher scheme has received overwhelming support. Project performance was evaluated by a team of consultants headed by Prof. (Mrs.) Tomi Adekanye. A group of USAID consultants from IBM visited the project office to discuss commercialization of agriculture in Nigeria.

## **Highlights**

- *Acceptance of Fertilizer Board Act (1977) (Amendments) by the National Council on Agriculture.*
- *Seed Law Review committee (facilitated by DAIMINA) held four meetings including a stakeholder workshop.*
- *The Voucher scheme was launched in Bauchi, Kano, and Federal Capital Territory (FCT).*
- *Project personnel facilitated the Fertilizer Producers and Suppliers Association of Nigeria (FEPSAN) meetings and assisted the association in dialogue with the government.*
- *Four training workshops were conducted for Agro dealers.*

- *Eight Business Development meetings were conducted in the project area.*
- *Trainings were held for farmers participating in high analysis fertilizer demonstrations.*
- *Trainings were conducted for Rice Farmers in Bauchi, Niger, and FCT.*
- *Project performance was evaluated by an external team of consultants.*

A summary of activities completed during the period is given below.

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## **1.0 Policy Reforms and Regulations**

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### **1.1 Objectives**

- To facilitate the Government of Nigeria in the creation of a conducive and stable environment for private sector participation and investment in agricultural input distribution.
- To review the existing Seed Laws and drafting legislation and accompanying regulations for enhanced seed trade and quality control.
- To demonstrate the effectiveness of vouchers as an alternative to direct subsidies.
- To advise Federal Ministry of Agriculture and Rural Development (FMARD) on the range of fertilizer products that are available and the economics of use of the various products in Nigeria.

### **1.2 Activities in Support of Objectives**

- Participated in the 33<sup>rd</sup> meeting of the National Council on Agriculture (NCA) held April 15-20 in Makurdi, Benue State, and chaired by Hon. Minister of Agriculture & Rural Development—Mallam Adamu Bello. Included on the agenda was the amended Fertilizer Board Act (1977) prepared by IFDC.
- A stakeholder workshop was organized on June 15, chaired by the Permanent Secretary (FMARD), Mr. O.O.O. Ogunkua, to discuss suggested amendments in the existing Seed Laws (1992).

- Fertilizer voucher booklets and receipts were printed and distributed to the appropriate officials in Bauchi and Kano states. The voucher scheme was implemented May 25 in Bauchi State and June 23 in Kano State.
- The project staff facilitated the meeting of the FEPSAN held on May 19. The Public Relations Committee of FEPSAN was assisted in conducting a tour of the project area and dialogue with FMARD and state governments.
- Officials from DAIMINA and members of OYSAIDA visited the Hon. Commissioner of Agriculture and the State Coordinator of Fadama II, International Institute for Tropical Agriculture (IITA), and National Special Programme on Food Security (NSPFS) State Coordinator in Oyo State.
- The Chief of Party and Project Manager had meetings with the new Permanent Secretary for FMARD to inform him about the objectives and implementation strategy of DAIMINA project.

### **1.3 General Status**

- The memo entitled “Establishing a Fertilizer Regulatory Agency and Fertilizer Law in Nigeria” (drafted by IFDC in collaboration with FMARD) was accepted for recommendation to the National Assembly for enactment into Law at the 33<sup>rd</sup> meeting of the NCA.
- The draft amendments proposed by the “Seed Law Committee” (facilitated by DAIMINA) were discussed and approved during the National Seed Stakeholders workshop. The draft amendments are being finalized and will be completed by July 2004.
- The fertilizer voucher scheme was formally launched in Bauchi State on May 25 and June 24 in Kano State. The state government of Bauchi declared that if the scheme is successful in demonstrating the effectiveness of vouchers as an alternative to subsidies that it would implement the scheme throughout the state. As of June 30, approximately 200 mt of subsidized fertilizer supplied by NSPFS has been sold by trained agricultural dealers on a cash basis to NSPFS farmers.

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## **2.0 Private Sector Capacity Building**

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### **2.1 Summary of Objectives**

- Develop linkages between agricultural input dealers and develop additional sale points near farming areas.
- Business promotion through collective procurement and negotiations.
- Consolidation and training of agricultural dealer associations.
- Train importers and dealers in technical and business skills.
- Develop business linkages within the country, regionally and with international suppliers.
- Stimulate farmer demand for improved inputs by using dealer-financed farm demonstrations and dealer-based extension advice.
- Explore donor and national programs to improve access to finance by input dealers.

### **2.2 Activities to Support Objectives**

#### **2.2.1 Business Development Meetings**

The Business Development Meetings between agricultural dealers and input supply companies were successful and resulted in ~~₦307.204~~ million of agricultural inputs supplied into the project area. Golden Fertilizer Company offered a concession to trained dealers to deliver a minimum of 5 mt of fertilizers to dealers as compared to the previous minimum of 30 mt. At the request of the dealers, Dangote Fertilizers agreed to package fertilizers in small packages of 5 kg. The dealers in Bauchi received ~~₦~~60,000 cash discount from Federal Superphosphate Fertilizer Company (FSFC) for procuring SSP fertilizer. Details of Business Development Meetings are summarized in the following table.

S/N	Date	Title of Workshop	Venue	No. Participants
1.	April 14	Business Development workshop	Bauchi	46
2.	April 20	Business Development workshop	Kano	70
3.	April 22	Business Development workshop	Oyo (Lagos)	22
4.	May 25	Business Development workshop	Oyo	17
5.	May 25	Business Development workshop	Kano	25
6.	June 21	Business Development workshop	Kano	32
7.	June 21	Business Development workshop	Bauchi	37
8.	June 22	Business Development workshop	Oyo	16

### 2.2.2 Training Workshops

The details of the four training workshops during the quarter are given below.

S/N	Date	Title of Workshop	Venue	No. Participants
1.	April 14-15	Agri marketing & business management	FCT	38
2.	April 27	Bookkeeping & accounting	FCT	34
3.	May 18	Food processing & value addition	FCT	35
4.	May 20	Use of high analysis fertilizers	FCT	20

### 2.2.3 Importation of Fertilizers by Private Sector

Details concerning the 240,983.94 mt of fertilizer that was imported by the private sector during the quarter are given in the following table.



S/N	Month	Product	Quantity	Importer
			(mt)	
1	April	Urea	10,000	Vital Pharmaceuticals
2	"	Urea	3,200	Federal Government of Nigeria
3	"	Urea	7,725	-
4	"	Urea	19,000	Milan
5	"	NPK	19,000	Milan
6	"	NPK	6,000	Fertilizer and Chemicals
7	"	Urea	25,975	NA
8	"	Urea	17,487	NA
9	"	Urea	12,499.94	NA
	April	Total	<b>120,886.94</b>	
10	May	NPK	<b>12,500</b>	NA
11	June	NPK	15,000	Dangote Farms
12	"	Urea/NPK	20,000	Multitrade
13	"	Urea	15,000	MBS
14	"	Urea	25,000	Stallion
15	"	Urea/NPK	20,000	Trimax
16	"	Urea	12,600	Church gate
	May	Total	<b>107,600</b>	
<b>Total</b>			<b>240,986.94</b>	

#### 2.2.4 Sales of Agricultural Inputs by DAIMINA Trained Agricultural Input Dealers

During the quarter 26,206 mt of fertilizers; 111,134 kg of seeds; and 858,098 L of crop protection products (CPPs) were sold by the trained Agro dealers during the quarter. Details of the sales by state are given in the table below.

State	Fertilizer	Seeds	CPP
	(mt)	(kg)	(L)
Kano	6,105.85	14,791.50	10,861.00
Oyo	4,877.70	71,555.00	646,395.00
Bauchi	8,944.65	11,970.1	114,020.00
FCT	6,277.50	12,817.00	86,822.44
<b>Total</b>	<b>26,206</b>	<b>111,133</b>	<b>858,098</b>
<b>% increase over 2<sup>nd</sup> Qtr year 2003</b>	<b>124%</b>	<b>506%</b>	<b>507%</b>

#### 2.2.5 Business Promotion by Associations

The Dealers Associations held their monthly meetings and have started to purchase inputs in groups. New loan applications have been submitted to NACRDB by the associations. Kano State Agri Input Dealers' Association (KASAIIDA) and Bauchi State Agri Input

Dealers' Association (BASAIDA) have been officially registered with relevant authorities.

#### **2.2.6 The Impact of Sales by Fertilizer in Small Packs**

Dealers were encouraged by the demand for fertilizer in smaller packs. FCT dealers prepared 4,000 packs and Golden Fertilizer Company has started packaging fertilizer in 5-kg packs for sale to agricultural dealers.

#### **2.2.7 Promotion of Agro Processing**

The organizations which have undertaken processing of rice and cassava have started to record economic returns. In Oyo, the average profits from Gari processing and marketing for the DAIMINA trained women groups are between ₦ 6,000 and ₦ 7,000 per week. In Bauchi, the DASS Women group is earning approximately ₦ 15,000 monthly from the food processing business.

#### **2.2.8 Micro Finance**

Seven Oyo State Agri Input Dealers' Association (OYSAIDA) members in Shaki have received loans totaling ₦ 1,050,000 while new applications have been submitted by other members in Oyo and Kano. In Bauchi state, a total of ₦ 5.4 million loan applications have been submitted to NACRDB and dealers in FCT have started opening accounts with NACRDB.

### **2.3 General Status**

- A combination of the linkage of dealers with input supply companies and conducting business development meetings has greatly enhanced and accelerated the agribusiness activities in the project area.
- Fertilizer imports by the private sector were greater for the first 6 months of 2004 as compared to imports during the same 6 months in 2003. Results indicate the imports were increased by 120% in 2004.
- Total sales reported by trained agricultural dealers were greater in the second quarter of 2004 as compared to sales in the second quarter of 2003. More specifically,

fertilizer sales increased 124%, seed sales increased 506%, and CPP sales increased 507%.

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### **3.0 Strengthening of Market Information System (MIS)**

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#### **3.1 Summary of Objectives**

- Improve stakeholder access to market information to facilitate policy and business decision making.
- Use the media to disseminate market information.
- Establish and implement a system for collection and dissemination of data on supply and processing for key inputs and outputs.

#### **3.2 Activities in Support of Objectives**

- 3.2.1** Four editions of the fortnightly Agri Input News Bulletin were published and distributed.
- 3.2.2** Two thousand copies of the April 2004 edition of the Nigeria Agri Market Information Service (NAMIS) Agri Business Newsletter were published and distributed jointly with NSPFS and Projects Coordinating Unit (PCU).
- 3.2.3** The manuals on Seeds, Crop Protection Products, Role of Manures, and Fertilizers were translated to Hausa language and are currently being published.
- 3.2.4** Two thousand copies of a brochure outlining the activities and achievements of the DAIMINA project over the 2½-year project life were produced and distributed.
- 3.2.5** Three Press Advertisements for NAMIS were published in THISDAY and TRUST newspapers.

#### **3.3 General Status**

- The Nigeria Agri Market Information Service (a joint initiative of IFDC-DAIMINA, PCU, and NSPFS) was launched by Dr. Lawal, the Chairman of the House Representative Committee on Agriculture at the 33<sup>rd</sup> meeting of the NCA held in Makurdi, Benue State. The Hon. Minister of Agriculture and Rural Development witnessed the launching.
- The Data Base Management System is being strengthened and updated.

- In addition to newsletters, bulletins, and press advertisements, information dissemination has been started through radio broadcasts.
- Government officials, private sector, and other stakeholders are depending on the NAMIS information.

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## **4.0 New Initiatives**

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Upon the advice and approval of USAID/Nigeria and FMARD, the project staff have undertaken the following activities.

### **4.1 Rice Alliance**

The DAIMINA staff are actively participating in the USAID sponsored Rice Alliance team. DAIMINA hosted Rice Alliance meetings in the project office on May 13 and June 3. Three training workshops were conducted for the farmers by the Rice Alliance Team. The team facilitated the farmers with bank loan applications while arranging for properly timed delivery of fertilizers required in rice cultivation. Rice planting is in progress. The DAIMINA project has been asked by USAID/Nigeria to conduct pesticide training for the rice farmers.

#### **4.2.1 Promotion of Fertilizer in Small Packs**

The success of the delivery of fertilizers in small package sizes is discussed above. In general, the introduction of fertilizers in small packages was well received by the dealers and the fertilizer companies.

#### **4.2.2 Promotion of High Analysis Fertilizers**

The purpose of this activity is to demonstrate that fertilizer application can be reduced by 15%-20% with the use of high analysis fertilizers such as DAP and MOP. The field demonstrations are in selected locations in Bauchi, Kano, and FCT States. Technical brochures will be prepared and distributed to dealers, extension workers, farmers, and other interested parties.

### **4.2.3 Introduction of Voucher Scheme**

The fertilizer voucher scheme was formally launched in Bauchi State on May 25 and June 24 in Kano State. The state government of Bauchi declared that if the scheme is successful in demonstrating the effectiveness of vouchers as an alternative to subsidies that it would implement the scheme throughout the state. As of June 30, approximately 200 mt of subsidized fertilizer supplied by NSPFS has been sold by trained agricultural dealers on a cash basis to NSPFS farmers.

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## **5.0 General Activities**

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**5.1** The USAID consultants from IBM—Greg Sullivan, David King, and Zeba Reyazuddin—visited the project office on April 22 to discuss commercialization of agriculture in Nigeria.

**5.2** The Finance & Administration Officer attended the “Disposal Plan” meeting. The April meeting was held in the USAID/Nigeria office in Abuja.

### **5.3 Visitors from IFDC Headquarters**

Mr. Jerry Turnbull and Mr. Dan Waterman were in Nigeria to visit and assess project activities. In addition, field visits were conducted to review ground activities while holding meetings with various other stakeholders.

### **5.4 Project Review Team**

The project performance review team, Professor (Mrs.) Tomi Adekanye, Alh. Bello Sule, Alh. Abba Auchan and Mr. E. A. Akogun visited the project area from April 26 to May 24 to assess project performance. The team presented a draft report of their assessment to the project office and the report will be submitted to FMARD and USAID/Nigeria in July.

### **5.5 USAID Implementing Partners (IP) Meeting**

The Chief of Party attended the IP meeting organized by USAID/Nigeria. The Mission Director informed the audience about the new Accounting System and a meeting with Federal Ministries concerning the 2004 to 2009 USAID strategy and investment in Nigeria.

### **5.6 Launching of Promoting Improved Sustainable Micro-finance Services (PRISMS)**

(A USAID-funded project being implemented by Chemonics)

The Chief of Party and Project Manager attended the launching of PRISMS by Chemonics International on May 11. The implementation strategy was summarized. The goal of the project is to improve the financial services in Nigeria. It is anticipated that the DAIMINA project will work closely with the PRISMS project to help provide financial services to trained agricultural dealers.

### **5.7 Inauguration of Fadama II in Oyo State**

The OYSAIDA Executive Secretary represented the project at the formal inauguration of the State Fadama II Development Committee (SFDC) held on 29<sup>th</sup> June 2004 to sensitize stakeholders of the project objectives.

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## **6.0 Collaboration With Related Agencies and Projects**

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**6.1** The project is collaborating with PCU and NSPFS to implement and maintain NAMIS.

**6.2** The project is collaborating with Sasakawa-Global 2000 (SG 2000) to demonstrate the economic benefits of high analysis fertilizers.

**6.3** The project is a member of the Rice Alliance Team which is promoting rice production, processing, and marketing in Nigeria.

- 6.4 The project is working with Agro Chemical Association of Nigeria (AAN)/Crop Life Nigeria to train agricultural dealers about the proper use and handling of CPPs and prepare manuals for proper CPPs usage.
- 6.5 The project is collaborating with FMARD, National Seed Service (NSS) and the private sector to review the Seed Laws in Nigeria.
- 6.6 The project is collaborating with the Marketing Inputs Regionally (MIR) project which is funded by Directorate General for Development Cooperation (DGIS) and managed by IFDC.
- 6.7 The project is collaborating and facilitating FEPSAN on policy dialogue concerning the importation and distribution of fertilizers in Nigeria.

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## **6.0 Future Activities**

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- 6.1 Assist and train the trade associations in advocacy and business development.
- 6.2 Conduct training course for agricultural dealers in business management.
- 6.3 Participate in the Rice Alliance to facilitate input supply and training in pesticides.
- 6.4 Assist in fertilizer policy dialogue meetings at the state level.
- 6.5 Organizing training for Fertilizer Quality Control and Seed Regulatory staff in collaboration with Federal Fertilizer Department (FFD), FMARD, and NSS.
- 6.6 Submission of the Seed Laws amendment report and follow up with FMARD.
- 6.7 Monitor the pilot voucher scheme and prepare an impact analysis.
- 6.8 Monitor the field demonstrations using high analysis fertilizers and prepare technical bulletins.
- 6.9 Supervise the agro-processing units.

- 6.10** Participate in the Fadama II project.
- 6.11** Organize a study tour for the dealers.
- 6.12** Organizing of Project Advisory Committee meeting.
- 6.13** Organize a stakeholder's workshop to review the project activities.
- 6.14** Monitor and evaluate the project activities.